tariffs contain "anticompetetitive terms and conditions." SWBT's tariffs have been recognized as proper by the respective state commissions empowered to approve such tariffs.

Dick Oxler will be contacting you to schedule a mutually agreeable time for negotiations to begin in connection with Arkansas, Kansas, and Oklahoma interconnection agreements

Sincerely,

Dennis Eidson

General Manager-Local Interconnection

### Southwestern Bell Telephone

April 21, 1997

KAREY .: Ith 1.317 . . . Sales Mr. Michael Beach Vice President-Western Financial Operations MCI Telecommunications Corporation 707 17th Street, MCI Tower, Suite 4200 Denver, CO 80202

### Dear Michael:

It is my understanding that MCIm is interested in passing test orders with our LSP Service Center in relation to the signed Texas Local Service agreement. Southwestern Bell's (SWB's) position is that we should not conduct "live customer testing" with Local Service Providers (LSPs) prior to their certification by the state Public Utility Commission (PUC), as it could be alleged that SWB would effectively be participating in the rendering of service to the public without lawful authority.

As we do believe it is in the best interest of both our companies to test the ordering process prior to passing actual end-user customer orders, SWB would like to obtain from you further specifics on the proposed testing in order to evaluate your request and determine any possible action that could be taken prior to MCIm's certification. Information needed includes the type of tests (resale or UNE), number of proposed orders for each type, target base (new lines for MCIm employees), and other pertinent information. Conversations held between MCIm and SWB have indicated the possibility of MCIm passing manual orders for the proposed testing. Southwestern Bell believes it is extremely important to the successful implementation of your contract to begin testing the electronic interfaces for resale and unbundled network elements as quickly as possible. Therefore, it would be my intention to receive a commitment from MCIm on the type of interface(s) that will be used, as well as the dates as to when MCIm will be in position to begin testing electronically, prior to implementing any proposed manual testing.

Upon receipt of the details of MCIm's proposed testing and your commitment concerning electronic interfaces, it would be beneficial to both our companies to jointly advise and consult with the PUC staff. This will ensure that the Commission's staff has no regulatory concerns with our companies pursuit of a trial, which includes test orders, where certification has not yet been granted.

If MCIm and SWB are able to come to agreement on this testing, I would like your concurrence that neither party waives any rights with regard to arguments or positions that the party may be taking in any pending judicial or regulatory proceeding.

I appreciate your review of Southwestern Bell's position and hope that we will jointly be able to work on this limited trial.

Sincerely.

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4 235-9250

CC: David Vaughn Maria Dillard Jack Frith

> Gene Rudloff (MCI) Les Tettenhorst (MCI) Jane Ryberg (MCI)

### Southwestern Bell Registre

May 2, 1997

ndy Kinney a President ndustry keting and Sales Mr. Michael Beach
Vice President-Western Financial Operations
MCI Telecommunications Corporation
707.17th Street, MCI Tower, Suite 4200
Denver, CO, 80202

Dear Michael:

Thank you for your April 25 response letter regarding test orders in Texas. In reviewing your letter, it is our understanding that you are proposing this initial test to include 60 orders for resale, 20 unbundled local loops, and 10 orders for combinations of network elements. As requested in my April 21, 1997 letter, I am looking for specific commitment dates from MCIm for sending orders electronically via Operations Support Systems (OSSs) prior to any agreement for passing manual or electronic test orders. Your letter indicated this would be discussed in the upcoming OSS meeting on May 7, but did not provide a commitment when MCIm would be in position to interface with SWBT electronically.

SWBT will agree to work UNE and resale orders separately for testing, if appropriate for MCIm. Upon receipt of a commitment date from MCIm for passing electronic orders through an OSS interface, i.e. EDI, SWBT would be willing to jointly notify the commission on lumited testing of orders, consistent with the AT&T letter. SWBT maintains the position that the commission must be approached on this issue.

With regard to MC Im is proposed number of manual test orders. SWBT is willing to unitially processible test orders for resale and 15 combinations of unbundled network elements for new service to MC im employees and mutually agreed to MC im internal applications. SWBT is already successfully processing manual resale and LNE orders for many LSPs, and assumes it will be equally successful in processing properly completed MC im manual orders. SWBT would anticipate further details regarding specific locations and a coordinated effort between our companies as part of the testing. After completion of such testing, SWBT will consider whether additional testing is necessary.

I feel this arrangement would be heneficial to both our companies in moving forward with implementation of MCIncis interconnection agreement in Texas. If you will provide me with the equested commitment dates, I understand that we can mutually submit a notification letter to the local we are glad we could accommodate. MCIncis request to test prior to PUC certification.

clook forward to meeting with you in the future to jointly discuss progress in Texas:

Sincerely

- - - - 5 9255

7. **3.** 1. 5. 1. 1.

CC. Les Tettenhorst (MCI)
Gene Rudloff (MCI)
Jane Ryberg (MCI)
David Vaughn
Mana Dillard
Jack Frith

# phone competition

■ University of Texas, offices in 60 buildings are first customers for new local provider

BY BRUCE HIGHT

4mencan Statesman Staff

Time Warner Communications has become the first company to impete here against Southwestern Bell Telephone Confor local phone service using its own network of wires and switches.

The service begins almost two years after Gov. George W. Bush signed a bill to end telephone monopolies and more than a year after the federal telecommunications act became law.

SBC Communications seeks to offer its organistance service in Okianoma **03** 

Time Warner's first customers are the University of Texas and businesses in 60 buildings most of them offices clustered in densely occupied zones, such as downtown and along U.S. 183 North. The company plans to add 20 buildings by the end of the year.

Time Warner has no plans to offer residential service in the area.

Monthly bills should be at least 10 percent less than Southwestern Bell's depending on what services are offered and for how long the customer commits to the new service, said Gina Westphal, general manager in Austin for Time Warn-

See Time Warner, A11

ustir American-Statesman 😸

News

## Time Warner brings phone competition

Continued from A1

r Communications

Subscribers to the new service should find it completely transcarent to their current service. Testphal said. That means they in use the same telephone services they use now, such as caller tentification or with mail.

You can call everybody in an you can call everybody in the country and you can keep cur same priore number. Westinal said. Subscribers also can keep their long-distance carriers, it an agreement with South-vestern Bell ensures they will nitinue to be listed in Southwesting Bell's irrectories she said.

Southwestern Bell, which has perated in Austin since 1881, is in an danger of losing Austin to its 1980 competitor. It has more than 1950-000 pione lines in the Austin metropolitan area. Time Warner said it is ready to handle 50,000 lines.

Also. Southwestern Bell has 200 employees here: Time Warner's telephone operation has 14 Time Warner said it spent \$20 nulion to get its telephone service vorking Southwestern. Bell says invested \$130 million hast year in apital improvements in Austin and will invest \$130 million this year.

Warner for some of his telecommunications needs last year and has added to it twice since then—taking bids from Southwestern Bell and Time Warner each step of the way. Keen estimated Time Warner had sliced his monthly business telephone bill by 25 percent to 30 percent. He declined to give specific dollar figures. He associated that Time Warner's quality of service was as good as Southwestern Bell's.

When we went through this installation with them, their Time

Warner's) technician was down here all day long on a Saturday and back on a Sunday. Koen said. "And I've never, ever in my life seen a Southwestern Bell technician come do an install on a weekend."

Another customer is UT which on March 21 began using 1992. Time Warmer lines, about had of all the lines it has for callers to dial into Telesys, the Indeedsty's Internet system.

UT will save about \$5,000 a month using the Time Warner

service, said David Stewart UT's Telecommunication. Networking Services Helass saithe quality of the signals was because Time Warner's ficer opines replaced Southwestern Bellopper lines.

Kaufman said that competite table an advantage on price of cause their rates are not such approval by the PUC but most Southwestern Bell's are. As a sult. Southwestern Bell has to regulatory approval discovantationer its fees.

Neither company is small change. Time Warner Inc. an entertainment giant, had revenues last year of \$10 billion. SBC Communications Inc. of San Antonio, which owns Southwestern Beillinad revenues of \$13.9 billion.

With the investment we seed the state-of-the-art technology, the fedicated employees, our reputation for service, we're ready—pring them on," said Michael Kaufman. Southwestern Bell's regional president for Central and West Texas

Also. Kaufman said, the sconer competition develops in local service, the sconer under federal law that Southwestern Bell can begin offering long-distance service. It sought permission from the federal government Friday to offer long-distance service in Oklahoma.

Kaufman said that in the Austin area he has seen some resellers—companies that lease Southwestern Bell lines and resell them to their own sustomers—packaged with other services such as long-distance. The Texas Public Utility Commission says that about 100 companies, most of them resellers, have registered with the agency to offer local phone service in Texas.

WorldCom, based in Jackson, Miss., has begun operating a local network in Dallas, and other companies are planning to enter the market

Westphal said Time Warner, which is the dominant cable television company in Central Texas, has noted for offering residential service but no plans to because of the huge expense of extending a new telephone network and the muddy regulatory waters.

Southwestern Bell had 100 years to grow their network." she said. "We've been doing it for two and a half years."

Pat Wood, chairman of the Texas Public Utility Commission, said he was not surprised Time Warner is going after profitable business customers first. The commission regulates Southwestern Bell's rates.

"It's hard to get under the rates that Bell's charging right now to the residential customers because of our historic policy of subsidizing residential flat-rate service with business and long distance." Wood said.

Time Warner's network is fiberoptic lines, from its switch at 12012 N. Loop 1. MoPac Boulevard) to the buildings it serves. Testing began last summer, and Time Warner's own cable division began using it in December. Westphal said.

"The network is stable, fully functional and fully operational." Westphal said. Time Warner's telephone and cable television lines are separate but use the same right of way along the streets, she said.

One Time Warner customer is Turning Point Information Services Inc., an Internet service provider with five employees at 600 Congress Ave.

Jim Koen, owner of Turning Point, said he began using Time



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#### A BILL TO BE ENTITLED

#### AN ACT

relating to rates for awitched access telecommunications services.

BE IT PRACTED BY THE LIGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 3.352(d), Public Utility Regulatory Act of 1995 (Article 1446c-0, Vernon's Texas Civil Statutes), is numerical to read as follows:

(d) If, subsequent to the enactment of this subtitle, an incumbent local exchange company notifies the compission in writing of its election to incentive regulation under this subtitle, the company may not under any circumstances be subject to any complaint, hearing, or determination as to the reasonableness of its rates, its overall revenues, its return on invested capital, or its net income. However, the company's implementation and enforcement of the competitive safeguards required by Subtitle J of this title are not excluded from a complaint, hearing, or determination. Wothing herein restricts any consumer's right to complain to the commission regarding quality of service, the commission's right to enforce quality of service standards, or the consumer's right to complain regarding the application of an ambiguous tariff, and if the commission finds an ambiguity, the commission's right to determine the proper application of the tariff or to determine the proper rate if the tariff is found to not apply, but this does not permit the commission to lover a tariff rate except as specifically provided by this Act, to change

extend its application to new classes of customers.

[Notwithstanding--any--other--provision-of-this-Acty-the-commission may not-reduce-the-rates -for--switched--access--services--for--any rompany electing--under this-subtitle-before-the-empiration-of-the cop-on-basic-network-services:1

SECTION 2. Section 3.402(g), Public Utility Regulatory Act of 1995 (Article 1446c-0, Vernon's Texas Civil Statutes), is amended to read as follows:

result of a company's election shall be the rates charged by the company at the date of its election without regard to proceedings pending under Section 1.301 or 3.210 of this Act or under Subchapter G, Chapter 2001, Government Code. [Notwithstanding-any other-provision-of-this-Act; the-commission-may-not-reduce-the rates-for-switched-access-services-for-any-company-electing-under this-subtitie-before-the-expiration-of-the-cap-under-Dubsection-fby of-this-section:]

SECTION 3. This Act takes effect September 1, 1997.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is bereby suspended.

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# What you don't know is costing you millions.

And Southwestern Bell would like to keep it that way.

Southwestern Bell owes you more than answern — they owe you millions. That's why MCI supports legislation that would make it possible for the Public Utility Commission of Texas to save customers more than \$270 million by lowering in-state access charges

Right now, Southwestern Bell overcharges MCl. AT&T, Sprint and other long a stance companies to connect in-state long distance calls — 15 times the actual cost for the service. Those overcharges are passed on to you in higher in-state long distance bills

You can help change that. There's a bill in the state legislature that will help bring over \$870 million back to phone customers.

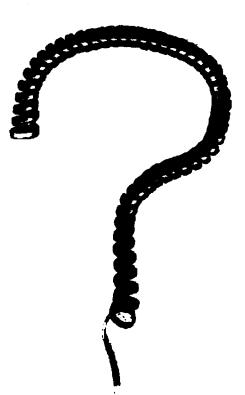
Call your legislator and ask him or ner to support H.B. 2425. If your lawmakers and regulators pass this bill and lower acress charges.

MCI pledges to pass the savings on to you in lower in-state long distance bills.

What are access charges"? Access charges are the fees collected by local manopoly selephone companies like Southwestern Bell here in Treas for beginning and ending long distance calls provided by companies like MCI AT&T and Sprint Who bays these charges? Youlds They represent 10% of every dollar Pour pay for in-state forms discount Thich costs more culling from Maria to Midwad or from Marfa to بخالع Medica Midland Because of secreture access charges, you dried pay shore to dall Honokulu? from town to round within Total these to call our of scare even clear to lawall H.B. 2423.

Because It's Your Money.





# Why would your *local* phone company, Southwestern Bell, want you to call *long distance?*

So they and other monopoly local phone companies can reap more than \$870 million in overcharges, that's why.

Every time will make a long distance call from Austin to another a to be nown at Toxas, band wish or Bell has the ...

the entire of th the tees collected by heal telephone companies like Southwestern Ber to beginning and enough the long disneer alls a companies for MCI AIRT and Spring The state comes right to an or your places of a land along to 840. Texting would place \$870 in this loss for ceiling from rower percent of wour wate discourse bed-

The problem is that a resistances in Texas are a none, the highest in the country and they are well above the actual. companying the service. That items in many more not all arans to the flat of carts carefully will remove the to call out of trace

In fact, Texass are pay no more than \$870 million too. much for in-state and distance calls

But now case mers have an answer. It's H Bi2425 and it's pending or a related spaceture in America

12.5 2.21 was given Public Other Commission the as though to lower access charges improvidely. The cere-

and your existent and ask him or her to surpore H 5.2425 of your lawmake's and regulators pain this till and lower nevers a markers. MCI prieduces to buss the san mass on to you if tower in-scape long distance hits



ID:2028873027

# Who Would Argue With \$870 Million in Savings?

Southwestern Bell, That's Who. Don't Let Monopolist Scare Tactics Fool You.

We can first a down Local phone disnopolies like Southwestern Bell will likely with a last order or organized about legislation that would allow Toron mediators to lower the lower alling from rewnets fown to Toron Listening to their could easily our millions.

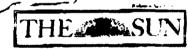


Monopolist: "If access charges are reduced, your local telephone bill will go up."

That's nonsense. Recently in Mury and, state regulators lowered access charges  $\rightarrow$  the fees collected by local telephone, monopolisis for beginning and eight  $\gamma_5$ . Using calls  $\rightarrow$  by \$32 million. MCI made good to but promise and gave our share right back in sustainers.

MCI to Cut Long Distance Rates Within Maryland

17% reduction to save callers \$6.5 million a year

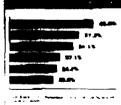


The move made headlines because Maryland phone customers are saving multions on in-state long distance — and least rates did not go up. For Texans. It should be no different.



Monopolist: "We can't afford to lower access charges without making up the money elsewhere."

Again, nonsense Local phone moriopolies ike Southwestern Bell can afford to stop overcharging you by more than \$870 million. See for yourself how monopoly cash flow compares to other andustices in the chart on the right.



Don't let communité like à outswestern Bell likepi collècting overchaux man your in-state long oustance calls. Call your legislator and ack lum or her to support H B 2023. If your lawmakers and regulators pass this bill and lower access charges. MCI pledges to pass the savings on to you mover in-state long distance bills.



# What do Texans from Dimmitt to Dallas have in common?

They all want their local telephone company to quit picking their pockets.

"Rural residents are fruit the worst by high access charges paid by long discontrigues. Out in the country, every call can be in-state long distance.

Lowering a real different in our check-book."

— Texas Core Graverr

Association,
Dimmiti, Texas

Would them."

— Gray Paulor

Antiin, Texas

From the coast to the pankandle and evertwhere inbetween propie all over Texas are finding out that their to a resuptione monopoly is overcharging them big time. And they remove as pullboar.

Southwestern Beil and GTI are resping extrained triofits through access charges. Access tharges are the loss collected by local telephone companies for beginning and ending the ling distance radio of companies like MC., AT&T and Spring. On the mode within Trial, Studywaters field and GTE are overthinging long distance companies by more

than \$870 million — or 15 to \$6 cames the actual cost to provide the service. The over ranges are period of the costomers on higher in-scar, long distance bills.

To add institute impany. Southwestern Hell and GTE are else over, having you by a disolator and distributed with

Call your legislator and uran her support of H.B. 2423. If your leavinglers and regulators less this bill and lesser solutions access charges. MCI plodges to pass the savings on to you in lower long distance bills.



MCI: BRINGING YOU ANSWERS ON ACCESS

# Who's on your side in the fight to reduce long distance rates?



Americans pay billions of dollars in access overcharges for calls out of state.

Texans pay millions in overcharges for calls within the state.

MCI is on your side to bring down access charges and lower long distance rates.

Long distance customers are all in someth for calling from rown intown here in Texas. That's why MCI supports legislation that would make a possible for the Public Utility Commission of Texas to save customers more than \$870 million by lowering in-state access charges.

itike Southwestern Bell and of TE unarge long distance companies like MCI for beginning and ending your long distance calls. That extra charge accounts for 40% of your long distance bill and it goes hight into the pockets of Southwestern Beij and OTE.

Right now. Southwestern Relicand GTE charge your long distance company 15 to 16 times the actual cost to connect in-state calls — a total overcharge of more than \$870 million. These overcharges are bussed on to you in higher

nestate long distance mills. To add insult to injury the culture recompanies are also intercharging you by billions for out-of-state calls.

But now Texas long distance customers have an unswer in H.B. 2423 and it's bending in the state legislature in Austin. H.B. 2423 would give the Public Utility. Commission the authority to lower in-state access charges immediately. Call your legislar hand ask him or her to support H.B. 2423.

so where does MCI fit in 1. We counted by a pledge 10 after residents of the Lone Star State. It your law makers and regulators pass this built and lower access charges, we piedge to pass the saving 10 no you in lower long distance bills. It's that simple.



# 870 million reasons to say "Thanks, Representative Hill"

Thanks, a Million

H.B. 2423 could save Texans \$870 million on in-state long distance calls



Did you know that here in Texas it costs more to call from town-to-town than it does to call across the country? The reason: Southwestern Bell and GTE's excessive access charges are costing long distance customers more than \$870 million too much for in-state calls. To add insult to injury, Southwestern Bell and GTE are also overcharging you by millions for out-of-state calls.

Sound unfair? Representative Fred Hill thinks so, too. That's why he's working to change Texas law so that regulators can lower the price you pay to make in-state long distance calls.

The problem is "access charges" — the fees collected by local telephone monopolies like Southwestern Bell and GTE for beginning and ending long distance calls provided by companies like MCI, AT&T and Sprint. In Texas, Southwestern Bell and GTE are charging 15 to 16 times more than it costs for that service, and the dollars are coming out of customer's pockets.

Unfortunately, Texas law prohibits the Public Utility Commission from lowering these charges. Representative Fred Hill thinks that's wrong because lowering those fees to their actual cost would save Texans more than \$870 million on in-state long distance calls.

MCI says "thanks" to pro-consumer Representative Fred Hill. We agree that the money belongs in your pocket, not the monopoly local phone companies. If other legislators and regulators join Representative Hill to pass H.B. 2423 and lower access charges, MCI pledges to pass the savings on to you in lower long distance hills.





## AFFORDABLE PHONE SERVICE



April 29, 1997

Representative Charles Gray Oklahoma House of Representatives, Room 536 Oklahoma State Capitol Oklahoma City, OK 73105

Dear Representative Gray:

Pursuant to your request, attached are the comments of our coalition to the rules recently adopted by the Oklahoma Corporation Commission. We continue to believe that legislation is <u>not</u> necessary in this area - especially in light of the adoption of new rules by the Commission.

In general we are supportive of the rules adopted by the Commission - not because we feel that the rules are advantageous to potential competitors - rather, because the rules come much closer to accomplishing the "level playing field" advocated by the supporters of House Bill 1815.

We look forward to providing any additional information which you or other members of the Committee may desire. In addition, we look forward to participating fully in any public hearing on these rules.

Since ely.

Kenneth Nance

## COMPARISON OF MAJOR PROVISIONS OF H.B. 1815 AND OCC RULEMAKINGS 96-15 AND 97-16

## H.B. 1815 v. RM97-16 (Streamlined Rate Changes)

House Bill 1815	RULEMAKING 97-16	<u>Comments</u>
Tariff Approval  rate decrease 30 days review for all providers  rate increase 45 days review for all providers	IXCs 30 days review CLEC 30 days review for rate decreases 60 days review for rate increases ILEC 45 days review for rate decrease 60 days review for rate increase	The OCC rules are more favorable to consumers since rate increases may not become effective as quickly.
Tariff Suspension  Maximum suspension from date of filing is 150 days for decrease  maximum suspension from date of filing is 165 days for increase	Tariff Suspension  IXCs maximum suspension from filing is 60 days  CLEC and ILEC maximum suspension is 120 days from filing regardless of service	The OCC rules require the Commission to act more quickly to complete their review of tariffs which have been suspended.
Refund Liability mandatory 90 day refund liability	Refund Liability optional up to 9 months	The OCC rules are more favorable to consumers since a company's liability for refunding charges that are found unreasonable by the Commission extends to 9 months.
Competitive Services prices at market-based rates -rate decrease 30 days review -rate increase 45 days review	Competitive Services The Commission has full authority to determine the effectiveness of competition using objective factors prior to a service being declared competitive.  OCC rules allow prices for	The OCC rules are more favorable to consumers because companies are required to maintain price lists on file with the Commission. Pricing flexibility is allowed for services determined to be competitive by

	competitive services to be set at market-based rates on 7 days notice to the public. Companies are required to maintain current price lists on file with the Commission.	the Commission using objective factors.
Relief From Rate Base/Rate of Return Regulation	Relief From Rate Base/Rate of Return Regulation	
Automatic relief on or after July 1, 1997, however fails to spell out the alternative plan	Gives ILECs the option of submitting a plan that best suits each individual company's needs and future goals	The OCC rules provide more protection to consumers because the Commission must weigh all aspects of any alternative proposed by a company.  Consumers are free to participate in the process.
Basic Local Rates	Basic Local Rates	
No increase without legislative approval	No increase without Commission approval	The OCC rules are more flexible and allow extraordinary events to be taken into consideration.  Since the Legislature meets only five months out of the year, the impacts of extraordinary events cannot be addressed until the next session.
Complaints Commission will continue to handle consumer complaints and any fraud complaints will be handled by the Attorney General's office	Complaints Not addressed by Commission	A rule is unnecessary. Neither House Bill 1815 nor the OCC rules alter the authority of the Attorney General and the Consumer Services Division to handle customer complaints.

### H.B. 1815 v. RM96-15 (Universal Service)

HOUSE BILL 1815	RULEMAKING 96-15	COMMENTS
Establishment of Oklahoma USF	Establishment of Oklahoma USF	
Section 6 A.: line 4 through line 8; page 10	OAC 165:59	The OCC rules provide the Commission flexibility in handling
Not later than September 1, 1997, the OCC shall promulgate rules implementing the OUSF so that,	Kules were approved by the OCC and submitted for gubernatorial and legislative review and approval on	inconsistencies which may arise from the federal plan.

consistent with the provision of this section, funds can be made available to eligible local exchange telecommunications service providers.	March 31, 1997. OUSF reimbursement is available to all eligible telecommunications carriers.	
Purpose	Purpose	
Section 6 B.: line 9 through 12; page 10  The Fund shall be to promote and ensure the availability of universal service at rates that are reasonable and affordable, and to provide for reasonable comparable services at affordable rates in rural areas as in urban areas.	intended to ensure that all end-users including, low-income consumers and those in high cost areas, have access to Primary, Lifeline and Special Universal services that are reasonably comparable at rates that are reasonably comparable	The OCC rules are sufficiently targeted to maintain reasonable local exchange rates without creating a universal service fund surcharge that causes rates to increase to unaffordable levels.
Section 6 B.: line 13 through 15; page 10  The Fund shall provide funding to local exchange telecommunications service providers that meet the eligibility criteria established in this section.	OAC 165:59-3-14  each incumbent LEC is presumptively designated as an eligible carrier Upon request the Commission shall consider the designation of more than one in a service area (Eligibility criteria are set forth in this rule.)	The OCC rules allow non-discriminatory access to the Universal Service Fund by any carrier that meets objective and non-discriminatory standards.
Funding	Funding	
Section 6 C. line 16 through line 18; page 10  The Fund shall be funded by a charge paid by all telecommunications carriers at a level sufficient to maintain universal service.	Every entity that operates or provides telecommunications services within the State of Oklahoma shall contribute, on a nondiscriminatory basis, into the OUSF.	The OCC rules establish a non-discriminatory and equitable compromise funding mechanism.
Funding of the Oklahoma Lifeline fund and the OUSF shall be accomplished in a competitively neutral manner by all telecommunications carriers	OAC 165:59-3-40(a)  Every entity that operates or provides telecommunications services within the State of Oklahoma shall contribute, on a nondiscriminatory basis, into the OUSF.	The OCC rules establish a non-discriminatory and equitable compromise funding mechanism.
Section 7.A.: line 20 through line 27; page 15  Funding shall be based upon each carrier's total retail-billed Oklahoma	OAC 165:59-3-44(a)  The amount of contribution required from each carrier shall be based on	The OCC rules establish an equitable and non-discriminatory compromise funding formula.

intrastate telecommunications revenues, both regulated and unregulated; provided regulated basic local exchange service revenues shall be excluded from the funding  Section 7.B.: line 28 through line 30; page 15	each contributor's total annual Oklahoma intrastate revenues as a percentage of all carrier's total Oklahoma intrastate revenues less amounts received from the OUSF	The OCC rules esseblish an auditors
The Commission shall establish the Oklahoma Lifeline Fund charges and the OUSF charges at a level sufficient to recover costs of administration	The OUSF should be sufficient to defray the costs of administering the fund, including the costs of completing an annual audit	The OCC rules establish an auditing requirement to ensure that the qualifications for lifeline funds are being administered in a non-discriminatory manner and are fulfilling universal service goals.
Fund Operation	Fund Operation	
Section 6 F. 1. a.: line 19 through line 21: page 11	OAC 165:59-3-60 (a)(2)	The OCC rules fulfill universal service goals by targeting subsidies
funding shall be provided for investments and expenses incurred to provide, maintain, and support basic local exchange telecommunications services	Reimbursement shall be considered for prospective and reasonably necessary investments and/or expenses incurred, as a result of providing Primary Universal Services in high costs areas in response to mandated facility or service requirements	to high cost areas and low income customers. The OCC rules provide more protection to consumers because they provide sufficient oversight by the OCC to ensure that the universal service fund surcharge is not too high.
Section 6 F. 1. b.: fine 22 through line 25; page 11	OAC 165:59-3-60-(a)(1)	The OCC rules provide more protection to consumers and fulfill the goals of preserving and
Funding shall be provided for infrastructure expenditures or mandated costs in response to facility or service requirements established by legislative, regulatory, or judicial authority or other governmental entity	Reimbursement shall be considered for infrastructure expenditures, incurred after the effective date of this Chapter as a result of providing Primary Universal Services in high cost areas in the State of Oklahoma	advancing universal service without creating a universal service fund surcharge that is too high.
Section 6 F. 1. c.: line 26 through line 27. page 11	OAC 165:39-3-60(a)(3)	The OCC rules provide significant flexibility to eligible companies by allowing other conditions to be
Funding shall be provided for other purposes deemed necessary by the Commission to reserve and advance universal service	Reimbursement shall be considered for other support, as may be deemed necessary by the Commission to reserve and advance the public health, safety and welfare, or for other good cause shown	considered by the Commission for reimbursement.  The OCC rules protect consumers by assuring that the universal service fund tax does not reach unaffordable levels.
Section 6 F. 2., line 33 on page 11 through line 19 on page 12	OAC 165:59-3-60 (b) and (c)	The OCC rules provides rural

[No distinction between size of carrier] The ILEC shall, at its option: use 1 of 3 options to measure and determine costs. [The options outlined are similar to those options available to carriers with 75,000 or less access lines in RM 96-15.]	[Distinguish between providers which serve 75,000 or less access linesmay choose 1 of 4 options to measure costs; and those that serve 75,000 or greater who may identify high costs areas and perform a cost study approved by the OCC.]	telephone companies with significant flexibility in determining the cost to serve customers in their areas.  Customers are given more protection under the OCC rule because the Commission retains authority to determine costs for large companies which assures that the universal service fund tax does not reach unaffordable levels.
Section 6 F. 3.: line 20 through line 22 on page 12  Basic local exchange services to be supported by the OUSF may be expanded after notice and hearing.	OAC 165:59-3-1(e)  The Commission may, by rule, redefine universal services, after notice and hearing.	Both provide for expansion of universal service by the Commission after a hearing. This protects rural customers by ensuring that new technologies are deployed in rural areas.
Section 6 F. 3.: line 22 through line 26 on page 12  The Administrator shall determine the level of additional OUSF funding to be made available to an eligible local exchange telecommunications service provider which is required to recover the cost of any expansion of basic local exchange services	OAC 165:59-3-44  The Administrator shall, at least annually, notify each provider of telecommunications service of the amount of the contribution required to be made to the OUSF by each contributor	Customers are given more protection under the OCC rules because they provide for an annual audit of the fund and the Administrator's activities.
Section 6 F.4.a. and b.: line 27 on page 12 through line 15 on page 13  Provides for recovery of funds from the OUSF in the event of an FCC order or policy the effect of which is to decrease the OUSF revenues available to a provider	OAC 165:59-3-60(a)(3)  Same goal may be accomplished by demonstrating "good cause" to the Commission, after notice and hearing	The OCC rules provide sufficient flexibility to eligible carriers to request additional funds from the universal service fund.  In addition, the OCC rules provide more protection to customers by assuring that the universal service fund tax does not reach unaffordable levels.
Section 6.F.4.c.: on page 13: line 16 through line 30  Receipt of OUSF funds for any reasons in Subsection F shall not be conditioned upon any rate case or earnings investigation by the Commission. Payment shall be based upon comparison of total annual revenues received and projection of annual revenues	No comparable provision	Existing OCC rules, coupled with those adopted in RM 97-16, enable the Commission to examine the qualifications for USF funds and reimbursements from the fund in a variety of methods to protect the public interest.

Section 6.G.: page 13 line 31 through line 2 on page 14	OAC 165:59-3-14(a)	The OCC rules establish non- discriminatory eligibility requirements.
ILECs are only providers eligible for OUSF except as otherwise provided in act.	ILECs are presumptively eligible for OUSF for their respective service territory.	, and the second
Section 6.H.: line 3 through line 8 on page 14  Where ILECs receive monies from the OUSF, the Commission may designate other local exchange telecommunications providers to be eligible for funding with limitations, as outline in the Subsection.	OAC 165:59-3-14(b)  The Commission shall consider designating more than one eligible carrier in a service area; and shall first make a determination that additional eligible carriers are in the public	The OCC rules establish non-discriminatory eligibility requirements that allow each potential eligible carrier to qualify on their own terms - consistent with the public interest.
as outline in the Subsection.	interest in areas served by ILECs with less than 75,000 access lines.	
In order to be eligible, the other LEC must offer the services supported by OUSF to all customers in the service	OAC 165:59-3-14(d)(3)  To obtain/maintain eligibility each LEC must offer the Primary Universal Services which are supported by the	The OCC rules establish non-discriminatory eligibility requirements which do not restrict the eligibility for USF funds to individual areas served by an incumbent.
area of the ILEC	OUSF to all customers in the local exchange area	
Section 6.H.1.: line 14 through line 16; page 14  Universal service support shall not begin until the other LEC has facilities in place	No comparable provision	Proposed language in House Bill 1815 is discriminatory and contrary to the federal Act in that it restricts the ability of new entrants to draw from the USF fund in a manner equal to that of incumbents.
Section 6 H.2.: line 17 through line 19; page 14  The other LEC may only receive funding for the portion of the facilities that it owns, maintains, and uses for regulated services	No co <b>mparable provisi</b> on	Proposed language in House Bill 1815 is discriminatory and contrary to the federal Act in that it restricts the ability of new entrants to draw from the USF fund in a manner equal to that of incumbents.
Section 6.H.3.: line 20 through line 25; page 14	No comparable provision	
The other LEC shall not receive OUSF at a level higher than the level of funding received by the ILEC for the same area if the ILEC is also providing service in the same area		
Section 6.H 4.: line 26 through line 28: page 14	OAC 165:59-3-14(d)(4)	The OCC rule is substantially equivalent to the proposed language

	T	in the bill.
The other LEC must advertise the availability and charges for services it provides through a medium of general distribution	To obtain/maintain eligibility each LEC must advertise the availability of such services that are supported by the OUSF, using media of general distribution	in the one.
Section 6.H.5.: line 29 through line 32; page 14  The Commission must determine it is in the public interest to designate another eligible provider and that the other provider meets the quality of service rules established by the Commission	In areas served by an ILEC with 75,000 or less access lines, the Commission will make a public interest determination prior to additional designation of eligible providers; & all LECs must be in compliance with all Commission rules and regulations	The OCC rules are consistent with the federal Act and establish non-discriminatory eligibility requirements for USF funding.
Section 6.1.: line 33 on page 14 through line 6 on page 15	OAC 165:59-3-12(a)(1)(D)	Goal Achieved
In area where more than one eligible LEC is providing services eligible for OUSF funds, the OCC shall permit one or more of the eligible providers to relinquish its eligibility to receive funds, in a manner consistent with the Federal Act	The Commission contemplates creating a similar provision in a subsequent docket	
For any universal service area served by an ILEC with fewer than 75,000 access lines, only the ILEC shall be eligible for OUSF. However, the ILEC may waive its right to be the only eligible provider	No comparable provision	The proposed provision in House Bill 1815 is in direct conflict with the federal Telecommunications Act of 1996.
Requests from OUSF	Requests from OUSF	
Section 6 F. L.: line 12 through line 15; page 11  Any eligible local exchange telecommunications service provider may request funding from the OUSF as necessary to maintain rates for basic local exchange services that are reasonable and affordable	OAC 165:59-3-60 (a)  The Commission will make available OUSF Reimbursements pursuant to this Chapter for telecommunications service providers which are designated by the Commission as eligible telecommunications carriers for a specific service territory.	The OCC rule is substantially equivalent to the proposed language in the bill.

Fund Administration Section 7.B.: line 31 through line 36; page 15  The Commission shall provide for administration of the Funds by Commission employees or by contracting for such services with a party having no conflicting interest in the provision of telecommunications services	Fund Administration OAC 165:59-3-30  The Commission will appoint the OUSF Administrator, which shall be the Public Utility Division of the Commission, which shall act under supervision of the Commission, in order to administer the OUSF in accordance with the rules and	The OCC rules establish the Commission as the OUSF Administrator. This assures that the universal service fund tax does not push telephone service to unaffordable levels for those individuals that fall outside the lifeline requirements.
Section 7.C., line 1 through line 13; page 16	procedures approved OAC 165:59-3-38	
Empowers the Commission to handle violations of the provisions addressed herein on behalf of the Funds, in the appropriate court	Empowers the Commission to handle violations of the rules of this Chapter in an appropriate manner	
Section 6 D.: line 19 through line 30; page 10  Within 60 days after receipt of an application the Administrator shall determine eligibility. The applicant then has 15 days for reconsideration. If OCC tails to issue an order within 30 days from the request for reconsideration, its deemed approved.	Provides for the filing of a request + notice to interested parties.  Interested parties have opportunity to raise objections and the Commission has 145 days to issue an order: otherwise request is deemed approved subject to refund w/interest pending final Order.	The OCC rules provide more protection to customers by striking a reasonable balance between the need to get funds to qualified companies in a timely manner with the need to allow all affected parties, including customers, to provide input into the determination.
Recovery	Recovery	
Section 6 E.: line 31 through line 33; page 10  Telecommunications carriers may, at their option recover from their retail customers the OUSF charges paid by the carrier.	OAC 165:59-3-46  A telecommunications carrier may, if it elects, recover the amount of its contributions to the OUSF from its customers such recovery shall be made in a fair, equitable and nondiscriminatory manner.	The OCC rules provide more protection to customers because they require the universal service fund surcharge to be charged in a non-discriminatory manner.
Section 6 E.: line 33 through line 35: page 10  The Oklahoma Universal Service Fund charges shall not be subject to state or local taxes or franchise fees.	No comparable provision	No rule is necessary.
Section 6 F., line 1 through line 8, page 11	No comparable provision	If approved by the Legislature, the OCC rules could become effective

Prior to implementation, the OCC shall not require telecommunications providers to reduce rates for intrastate access services or require a reduction in the amount of funds such provider receives from the High Cost Fund		prior to July 1, 1997. Since there are no proceedings under way to accomplish those circumstances identified in House Bill 1815, the concern is unfounded.
Lifeline	Lifeline	
Section 5 B.: line 26 through line29; page 9  OCC to establish Lifeline Fund to ensure low-income Oklahomans are provided financial assistance in maintaining basic local exchange telecommunications service.	OAC 165.59-5-1  The Lifeline Service Program shall be incorporated into the OUSF. The program shall keep low-income subscribers on the telecommunications network.	The OCC rule accomplishes the same goal intended by the proposed language in the bill.
Section 5 C.: line 30 through line 31; page 9  The Oklahoma Lifeline Fund charge shall be levied, collected, and administered pursuant to Section 7 of this act.	OAC 165:59.  The Lifeline Service Program shall be incorporated into the OUSF. The OUSF charges shall be levied, collected, administered and disbursed pursuant to OAC 165:59.	The OCC rule accomplishes the same goal intended by the proposed language in the bill.
Section 5 C: line 32 through line 34; page 9  Telecommunications carriers may, at their option recover from their retail customers who are not eligible for Lifeline assistance, on an equitable basis, the amount of the Life line Fees paid by the carrier.	OAC 165-59-3-46  A telecommunications carrier may, if it elects, recover the amount of its contributions to the OUSF from its customers such recovery shall be made in a fair, equitable and nondiscriminatory manner.	The OCC rules provide more protection to customers because they require the surcharges to be non-discriminatory. Further, the Commission retains final oversight of such charges to assure that the universal service fund tax does not push the cost of telephone service to unaffordable levels.
Special Universal Services  No comparable provision.	Special Universal Services  OAC 163 59-7-5  Each not-for profit hospital may, upon request and demonstration of need, be eligible to receive a phone number and up to five (5) access lines which allows incoming, toll-free calls from the geographic area served by it.	The innovative service allowances provided under the OCC rules is in the public interest, is consistent with the federal Act and should be pursued.
	OAC 165 59-7-7(a)	The innovative service allowances provided under the OCC rules is in

No comparable provision	Each public school and public library may, upon request and demonstration of need, be eligible to receive a phone number and up to five (5) access lines which allows incoming, toll-free calls from the geographic area served by it.	the public interest, is consistent with the federal Act and should be pursued.
No comparable provision	OAC 165:59-7-7(b)  Each public school and public library may, upon request and a demonstration of need, be eligible to receive one (1) access line with the ability to connect to all Internet service providers at 56 Kbps or an equivalent \$ credit to be applied toward similar services.	The innovative service allowances provided under the OCC rules is in the public interest, is consistent with the federal Act and should be pursued.
No comparable provision	OAC 165:59-7-9  Each County Seat may, upon request and demonstration of need, be eligible to receive a phone number and up to five (5) access lines which allows incoming, toll-free calls from locations within the county served by it.	The innovative service allowances provided under the OCC rules is in the public interest, is consistent with the federal Act and should be pursued.
No comparable provi <b>sion</b>	Under no circumstances shall Special Universal services be resold, repackaged or shared with any other customer of the telecommunications carrier.	The innovative service allowances provided under the OCC rules is in the public interest, is consistent with the federal Act and should be pursued.
Dispute Resolution  No comparable provision	Dispute Resolution  OAC 165:59-3-34 OAC 165:59-3-36 OAC 165:59-7-11  Three (3) rules have been developed to provide for dispute resolution in the event of conflict over various procedures contained in the rules.	The OCC rules rely on its experience in the telecommunications industry to enact sensible dispute resolution procedures.
Relief from Rules  No comparable provision	Relief from Rules  OAC 165:59-1-6  Whenever compliance with any requirement would result in	The OCC rules provide more flexibility to companies and customers alike by allowing burdensome provisions of the rules to be waived.